



Monday, April 22, 2024

Gold and Silver remained supported at lower levels on back of fresh geo-political updates, but were cautiously awaiting clarity on updates regarding further escalation in the Middle-East. Dollar Index hovered around 106 mark while US 10Y Yield inched higher towards their recent high of 4.7%.

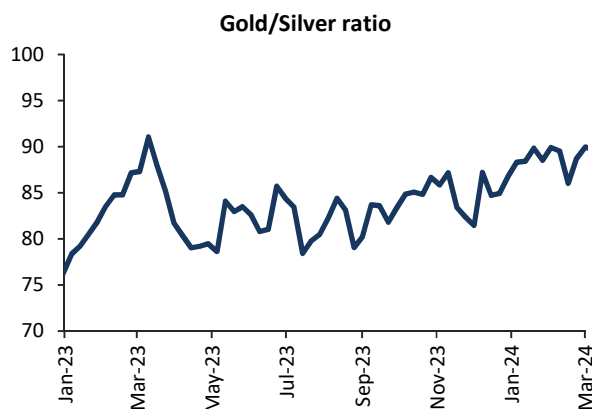
Tension in the Middle east escalated as Iran attacked Israel and at the same time anticipation of involvement of US in this also raised the heat. Israel also retaliated towards the end of last week; however, Iran was quick enough to put cold water, mentioning that not much damage was done from Israel's attack. Market participants are awaiting for any further twists and turns in the Middle East tensions and worry intervention from any other countries that could add fuel to fire.

US Federal Reserve chair Jay Powell has said it is likely to take longer than expected for inflation to return to the central Banks's 2% target and justify interest rate cuts. The Fed previously indicated that it intended to cut rates from 23 years high of 5.25-5.5% this year, but the timing for the first move is now being debated amidst signs of persistent strength in the US economy and higher than anticipated inflation. Fed officials have also been preparing the market for a delay in Fed interest rate as the US central bank are taking the "data-dependent" approach, not eager for any rapid decisions.

Data showed CPI in the US rose in March and led markets to row back expectations that the Fed would cut rates as soon as June. Market participants are now pricing in first rate cut by the Fed in the

Exchange Contract	Gold Spot	COMEX	MCX
Open	2378	2379	72718
Close	2390	2398	72806
Change	12	42	963
% Change	2.01%	1.79%	1.34%
Pivot	2394	2392	72690
Resistance	2414	2406	73071
Support	2370	2384	72425

Silver- Weekly Market Data			
Exchange	Silver	COMEX	MCX
Open	28.22	28.51	83795
Close	28.65	28.81	83507
Change	0.43	0.30	694
% Change	2.79%	1.96%	0.84%
Pivot	28.49	28.51	83346
Resistance	29.17	28.81	83956
Support	27.19	28.51	82897



Source: Reuters



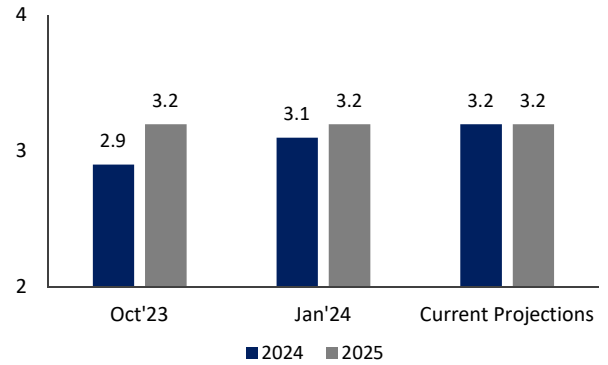
month of September, with a growing minority betting that there will be one or fewer cuts this year. In the previous week, US Retail Sales, Philly Fed manufacturing and weekly jobless claims were reported better than expectations weighing on bullions and increasing Fed’s hesitation for a rate cut this year.

In the previous week, we also received forecast from IMF wherein surprisingly they raised their global and US growth forecast for this year. The IMF in their report has warned the US that its massive fiscal deficits have stoked inflation and pose “significant risks” for the global economy. The IMF raised their global growth forecast by 0.1% to 3.2%, and raised US growth forecast for this year to 2.7% v/s 2.1% their previous forecast. Higher growth forecast along delay in Fed rate cut capped gains for Gold.

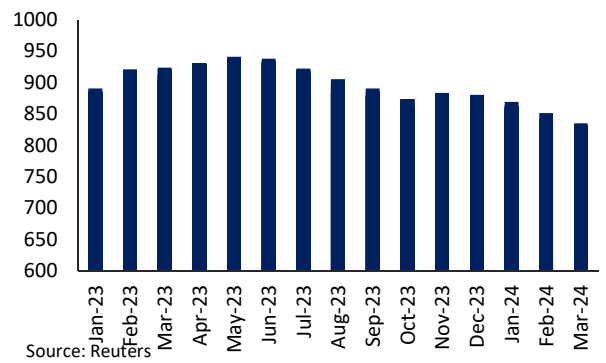
Investment in gold did not witness much change on a weekly basis, holdings currently stand at ~827 tonnes. Holding in ishares ETF witnessed an outflow of ~545 tonnes and holdings currently stand at ~12,950 tonnes.

The week, focus will be on preliminary manufacturing and services PMI from major economies. Data points from the US like GDP, Core PCE prices index and Core durables good orders will also be important to keep an eye on. Along with policy decision from BOJ, focus will also be on the comments from Fed officials. Dollar Index and US Yields are inching higher along with Gold and Silver. Updates regarding the geopolitical tensions could be a primary factor to keep an eye on this week. We could witness higher volatility in a broad range for both Gold and Silver.

IMF Global Growth Forecast(%)



SPDR Holdings





Technical Outlook: -

Gold:

In the previous week, MCX Gold prices settled with the gains of more than 1% for the fifth consecutive week. Prices recorded the high of Rs. 73315 and low of Rs. 71200 throughout the week. On daily chart, Gold prices are showing signs of a bearish reversal which could drag prices near the 20-day moving average which is placed at Rs. 70200 level. The 14-period RSI on daily chart has peaked near 90 mark and has fallen at 70 mark which signals that the counter is taking a breather to resume the ongoing trend. The overall trend for the medium term is on the higher side. We recommend to buy on dips near Rs. 70200. However, our view will negate if prices trade below Rs. 69300 level on closing basis.



Silver:

Silver recorded the high of Rs. 84322 and low of Rs. 82736 throughout the recent week to settle with the gains of nearly 1% for the fourth consecutive week. On daily chart, Silver is showing the signs of cool off in momentum for the near term. Prices are likely to take support near the 20-day moving average which is placed at Rs. 80000 level. As overall trend for the medium term is still on the higher side, we recommend to buy on dips near Rs. 80000 level. However, our view will negate if prices trade below Rs. 78800 level on sustainable basis.





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